FOREIGN AGRICULTURE

March 29, 1971

EC Enlarges Share of U.K. Imports

The Future of U.S. Flue-Cured Tobacco

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

Cleaning Brazilian coffee berries after harvesting. Coffee is one of the most important commodities exported from Latin America to the European Community. See article on page 8 for a discussion of recent trends in trade between these two areas.

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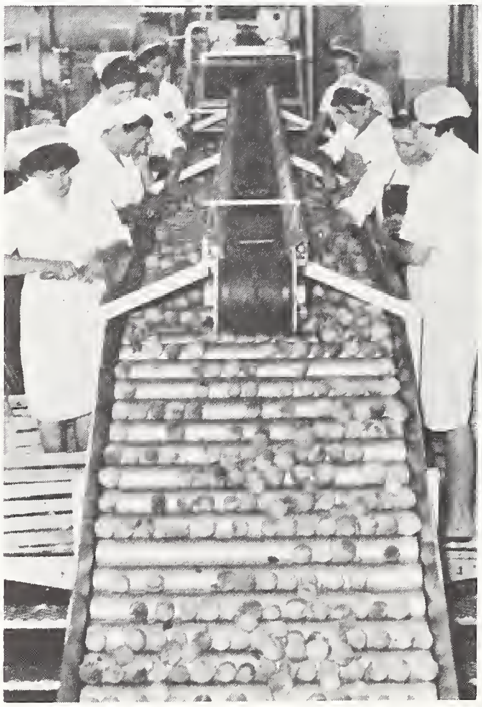
U.K. ship leaves Rotterdam harbor with U.S. wheat.

Common Market Gets

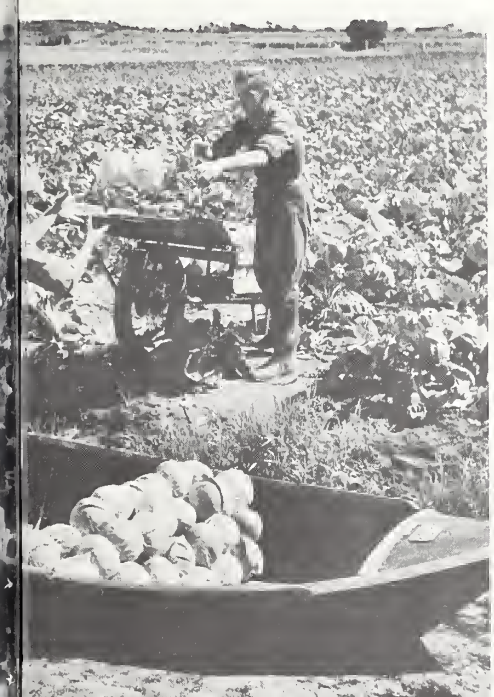
Share of U.K

Italian peaches, Dutch cabbages swell U.K. horticultural imports.



Bigger Farm Imports

By DAVID L. HUME
U.S. Agricultural Attaché
London



Between 1960 and 1970 the six countries of the European Community (EC) surged from fourth rank among the United Kingdom's suppliers of agricultural commodities to second or possibly first. During the same time the United States slipped from a firm first to a possible second.

Common Market countries made particularly rapid gains in the United Kingdom's markets for grains and fruits and vegetables. Accelerating production of both types of commodities in France was a major factor in the swing in U.K. purchases.

For grain (excluding transshipments from the Netherlands), the value of EC exports to the United Kingdom rose from about $25.3 million in 1960 to around $78.6 million in 1970—or more than tripled. Much of the increase represented greater U.K. imports of French feed wheat and corn. In 1960 France provided 2.7 percent of the United Kingdom's grain imports—in 1970, 8.6 percent.

While the annual value of U.K. imports of fruits and vegetables of EC origin rose from around $113.7 million in 1960 to about $169.5 million in 1970, not all Common Market countries shared equally in the advance. Italian sale levels changed little. The Netherlands expanded its trade by 63 percent from approximately $37.6 million a year to $61.2 million. But France, chiefly from shipments of apples, propelled its sales from $14.2 million to $41.8 million.

How successful the EC has been in establishing its presence on the U.K. market can be illustrated by some growth figures for the last decade. While the value of annual U.K. agricultural imports increased 24 percent, British imports of U.S. farm products rose only 3 percent. In contrast, British purchases of EC agricultural goods leapt 64 percent.

The fact that the EC has recently strengthened its position as a supplier of agricultural products to the United Kingdom has probably influenced EC thinking on the possible role of Britain in the Common Market. It would be understandable if Common Market members were now more eager for the United Kingdom to join them in an enlarged European Community. French, Dutch, and Italian farmers see in the United Kingdom an already rapidly expanding market for their products that could be capable of even greater expansion if it became their own protected area under the Community's common agricultural policy.

SOURCES OF U.K.
AGRICULTURAL IMPORTS, 1960

Origin	*Percent*
United States	10.7
New Zealand	9.4
Australia	8.8
European Community	8.2
Denmark	6.5
Canada	6.5
India	5.2
Argentina	5.0
Ireland	3.6
South Africa	3.3
Others	33.8
Total	100.0

The attitudes of two other countries now negotiating about entry to the Common Market, Denmark and Ireland, are also undoubtedly influenced by their special markets in the United Kingdom. Both countries export large quantities of livestock or livestock products to Britain.

In 1970 almost 70 percent of the value of Denmark's agricultural sales to the United Kingdom ($441.9 million compared with U.S. sales of $503.3 million for the same year) were derived from livestock and meats. Bacon alone accounted for 55 percent of Denmark's U.K. sales. For Ireland, about 77 percent of its agricultural sales to the United Kingdom in 1970 ($387.2 million) were of livestock, meat, and dairy products.

Both countries, by entering the Com-
(Continued on page 16)

SOURCES OF U.K.
AGRICULTURAL IMPORTS, 1970

Origin	*Percent*
European Community	10.9
United States	8.9
New Zealand	8.4
Denmark	7.8
Australia	7.2
Ireland	6.8
Canada	5.8
South Africa	3.8
India	2.9
Argentina	2.6
Others	36.9
Total	100.0

U.S. Flue-Cured Faces Uncertain Future in 1971

By WILLIAM E. GALBRAITH
Deputy Under Secretary of Agriculture

What does the future hold in store for U.S. flue-cured tobacco? Some recent trends indicate mixed prospects for tobacco production and exports—in 1971 and the years ahead.

Exports, of course, are tremendously important to the U.S. tobacco industry. They provide a market for about 1 in every 3 acres of tobacco. During 1970, U.S. exports of tobacco and tobacco products were valued at $679 million, more than 95 percent of it in commercial sales for dollars. If you deduct the value of U.S. tobacco imports, our foreign trade in tobacco resulted in a favorable net trade balance of $534 million in 1970—certainly a highly important contribution to the U.S. balance of trade and of payments.

Impressive as the 1970 export figures are, they represent a decline in shipments of unmanufactured leaf from the previous year, both in value and in volume. Volume was 510 million pounds, down nearly 12 percent; value was $488 million, a drop of 10 percent.

The value of U.S. exports of tobacco products, on the other hand, showed a strong increase of 22.5 percent over that of 1969, reaching a record $191 million. This offset somewhat the decline in leaf, and the year ended with total exports of $679 million, about 2.5 percent less than the record $696 million in 1969.

Flue-cured is the major item in U.S. tobacco export trade with the output of about one-half the flue-cured acreage shipped abroad. Flue-cured shipments in 1970 were the lowest since 1965, just prior to the UN embargo on Rhodesian trade. In 1970 U.S. exports of flue-cured were 365.2 million pounds, down 64 million pounds, or 15 percent, from the 429.6 million pounds shipped during 1969.

It is a matter of concern that the bulk of this decline—about two-thirds—came in two major U.S. markets, the United Kingdom and the European Community. Flue-cured shipments to the United Kingdom, our best single customer, totaled 83.5 million pounds, about 25 percent off the level of 1969. The European Community, our largest area market, took 99 million pounds of flue-cured, down 21 percent from 1969.

Total leaf shipments to the United Kingdom were 95.4 million pounds, down almost 29 percent, while those to the European Community were 143.7 million pounds, a drop of 20.7 percent. Combined, they represent a decline of 76.4 million pounds, more than offsetting increased shipments to Japan and some of the European Free Trade Area countries.

So far as 1971 is concerned, the tobacco outlook is mixed. Consumer demand for cigarettes and other tobacco products is still at a high level, although the amount of leaf tobacco per cigarette continues to decline.

On the export side there are a number of factors that present a challenge to the tobacco industry, not only this year but in the years ahead.

There are plus and minus factors. On the plus side is the steady climb in cigarette output that continues in most areas of the world. Smoking, health, and high tax issues have slowed the rate of growth in some of the developed countries, but it is estimated that output will continue to increase by about 3 percent yearly.

Both increasing population and rising incomes will tend to further consumption increases, and quality will become a more important factor as incomes rise. And certainly U.S. tobacco is second to none in quality, thanks to an ideal combination of soil and climate in our tobacco-growing regions.

On the minus side, there are three principal problems—or challenges if you will—facing the United States in the international market. Protectionism stands high on the list. What this can mean is well illustrated by the European Community's Common Agricultural Policy for tobacco, which went into effect for the 1970 crop. This hits us in several ways.

- An artificially high producer price stimulates EC production.
- Buyers' premiums give EC leaf price advantages over non-EC imports.
- There is an export subsidy for use if needed.
- A safeguard clause can be used to curtail imports.

Besides these and some other provisions relating to monopolies and excise taxes there is a built-in trade preference whereby tobacco traded among members, and with associate members and associated overseas territories, moves duty free. In contrast, imports from nonmember sources are subject to the common external tariff.

Naturally, the United States is vigorously opposing many features of this tobacco CAP. We have made strong representations to the European Community and the member countries that this CAP as it stands could seriously affect our trade and U.S.-EC relations.

There are other measures that tend to restrict tobacco trade in many foreign markets. These include preferential tariffs, high import duties, license and exchange requirements, bilateral agreements, government monopolies, mixing regulations, and export subsidies.

Another challenge facing the tobacco industry is increasing competition. The Rhodesian embargo spurred half a dozen or more developing countries to increase production of flue-cured tobacco and they have made significant gains. Others have stepped up burley production. Greece, for example, was producing less than 3 million pounds of burley in the early 1960's. Last year it produced around 29 million pounds and it is aiming at 40 million pounds by 1974.

This increase in competition leads us into another factor of major importance to the future of U.S. tobacco trade—price.

Our quality has enabled us to sell for

a higher export price than that of competitive leaf, but there are indications that this honeymoon is over. Importing countries have expressed growing concern about relatively high U.S. export prices.

U.S. export prices for flue-cured were $1.04 per pound in 1969 and reached $1.09 per pound on a declared weight basis in 1970. Contrast this with these 1969 prices from some of our competitors: India, 43 cents; Zambia, 53 cents; Canada, $1.06; and South Korea, 30 cents.

It is imperative that we bring our prices down, and one means of doing this is by reducing cost of production. Progress is being made but our efforts should be stepped up.

About 300-million man hours of labor are required to produce the nation's flue-cured tobacco crop. Improved technology, if adopted, could reduce the labor input by about one-half. Full mechanization of the tobacco industry is being inhibited, however, by the uncertainty about future demand for tobacco products, uncertainty about possible changes in tobacco programs, and the large capital outlay required—about $40,000 for curing barns and $12,000 for harvester and support equipment.

The annual capacity of the harvester is about 40 acres of tobacco whereas the average production unit is only 3.1 acres. For many growers, mechanization of the tobacco harvest is not feasible except through cooperative ownership of a harvester with other growers, or custom machine harvesting.

To reap the full benefits of mechanization requires larger units of production—enough acreage to justify the cost. The trend toward larger and more heavily capitalized farms, therefore, is in line with the requirements of the tobacco industry of the future.

In an effort to help reduce production costs, and at the same time improve tobacco quality, the USDA has many intensive tobacco research programs underway. Much of this work is done cooperatively with the various tobacco-growing States and with private industry.

U.S. plant geneticists are developing new tobacco varieties with disease resistance, improved yield, and better quality. Other scientists are working with chemicals to replace hand labor in removing suckers from plants.

Farm production practices are also being improved. Research has demonstrated, for example, that some of these practices can have a considerable effect on the nicotine and total particulate matter content in cigarette smoke.

U.S. entomologists and engineers are developing new ways to control insect pests of tobacco, and are currently emphasizing biological controls. Promising biological control methods include: use of the sterile male technique; use of attractants to lure insects into traps; and use of such natural enemies as disease, parasites, and predators.

The United States can remain the world's leading exporter of tobacco only if all who have responsibilities for export trade work hard at the task.

Dutch Poultry Output and Exports At Record Highs in 1970

By CLINE WARREN
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Dutch poultry meat production and exports in 1970 soared to record highs as all phases of the industry expanded. Nevertheless, poultry producers faced several problems during the year, not the least of which was excess output.

In 1970, as in other years, the lion's share of Dutch poultry meat exports went to West Germany. Available data indicate that larger sales to this market more than offset reduced purchases by other EC-member states. Russia and East European countries were also significant outlets, taking larger quantities than in previous years.

Dutch poultry meat exports totaled 391.3 million pounds during the first 11 months, up 16 percent over 1969 sales for the same period and 4 percent greater than exports for all of 1969. With increased purchases by East European countries reported for the fourth quarter, Holland's total poultry meat exports for the year may well have exceeded 420 million pounds—over 60 percent of total production of 679 million pounds (ready-to-cook basis).

The 1970 production figure represents an increase of approximately 100 million pounds from 1969 output. The major share of this gain was in broiler production, which was 17 percent above the 1969 level. While turkey meat accounted for only slightly less than 5 percent of total poultry meat produced, its growth rate exceeded that for broilers—from 5.7 million pounds in 1966 to 26.7 million in 1970.

Other phases of the Dutch poultry industry, in addition to meat production, expanded during 1970. Production facilities grew and new processing plants were constructed. As a result, the Netherlands is expected to become a more dominant force in world production and trade in poultry meat and eggs in the immediate future.

Primary stimulus for the rapid expansion was the market insulation, or protection, provided by the European Economic Community's Common Agricultural Policy for Poultry. While denying markets within the Community to nonmember countries, this policy at the same time provides authorization for subsidizing EC poultry exports.

The subsidy rate on broiler exports to third-country markets during 1970 averaged 7 U.S. cents per pound. By comparison, imports of eviscerated broilers with giblets to Community markets from third countries during the same year faced total charges ranging from 7 to 13 cents per pound and averaging 10 cents per pound. Although levies and subsidies vary, the situation is similar for other poultry meats, eggs, and egg products.

Another factor discouraging imports is that the supplementary levy can be raised on a 3-day notice. This means the price of an imported product can change en route to the EC market.

Despite these protections, however, the Dutch industry's situation was unstable during the year. At the beginning of 1970, the chief shortrun danger

to the industry appeared to be excess production, but then, as critical surpluses began to mount, sizable purchases by the USSR and Eastern European countries provided some relief. During the first quarter, the Dutch contracted with Russia to supply 19 million pounds of poultry meat, with delivery to be completed by June. These sales helped strengthen prices for Dutch poultry meat. By midyear, f.o.b. Dutch border prices for broilers were up 1.5 to 2 U.S. cents per pound over those prevailing at the beginning of the year.

But because the number of broiler chicks hatched during the first half of 1970 was 22 to 25 percent greater than the number during the same period a year earlier, stocks started to mount again during the third quarter. By mid-November they had become so burdensome that broiler prices, f.o.b. Dutch border, were down to 25.4 cents per pound—some 9.2 cents below June quotations. Moreover, this situation was aggravated by low egg prices throughout 1970, which resulted in heavy culling of layers during the year.

Broiler prices did not improve substantially until late November, when four major Dutch slaughterhouses negotiated contracts to sell the USSR 37.5 million pounds of poultry meat, at 27.5 cents per pound, f.o.b. plant. With the export subsidy deducted, the net f.o.b. price was 20.5 cents per pound, compared with a domestic retail price of about 60 cents per pound and a producer price of about 18 cents per pound. The agreement called for delivery of 60 percent of the poultry before April 1, 1971, and the remaining 40 percent before September 1, 1971. Reportedly, some 5 million pounds were shipped during December.

In addition to unstable prices and the continuing threat of overproducing tion, other problems beset the Dutch poultry industry in 1970. Serious outbreaks of Newcastle disease during the last half of the year caused many West European countries to close their borders to Dutch table eggs, hatching eggs, day-old chicks, and live poultry. Some countries also embargoed Dutch poultry meat.

These embargoes further suppressed Dutch egg prices, which had been trending downward since the beginning of the year. Producer egg prices in August were 19 percent below those received during the first quarter of 1970.

Of a weekly Dutch egg production of approximately 90 million, about 28 percent are available for export, most of which previously went to countries that banned them in 1970. As a result, eggs began backing up at a rate of 20 to 25 million per week.

To provide relief, the Dutch Government implemented a program to purchase 30 million fresh eggs for storage and encouraged exporters to store, at their own risk, up to 10 percent of the number of eggs they exported to West Germany in September, October, and November. As an incentive, the exporter was guaranteed a price of 2.3 to 2.5 U.S. cents per egg, depending on weight, when these eggs were released.

To date, these efforts do not appear to have improved prices significantly, but losses in broilers caused by the Newcastle outbreak added to the strengthening effect of Russian purchases.

Overproduction again in 1971 remains a distinct possibility for several reasons, even though deliveries on the Russian contract should provide a prop for poultry prices during the first half of the year.

For one thing, the industry is geared for new production highs in 1971, although smaller profit margins, caused mainly by higher feed prices, could well slow the rapid rate of expansion of recent years.

Also, there are signs that the Newcastle epidemic may be subsiding. Effective February 22, West Germany, France, and Belgium lifted the import ban on Dutch Grade A fresh table eggs. Should this disease be brought under further control within a few weeks, normal patterns of production and trade are likely to be resumed fairly soon.

Finally, domestic and export markets are unlikely to absorb the larger volume anticipated at current prices. In addition, the continuing rapid increase of broiler production in other EC countries could have serious implications for the Dutch industry.

DUTCH POULTRY MEAT PRODUCTION [1]

Item	1966	1967	1968	1969	1970 [2]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Broilers [3]	336.0	391.3	418.5	485.9	568.8
Stewers	59.3	55.3	55.9	58.2	65.3
Turkeys	5.7	8.2	15.1	20.1	26.7
Ducks	15.0	16.1	11.7	13.4	17.2
Other poultry meat	.7	.9	1.4	1.5	1.0
Total	416.7	471.8	502.6	579.1	679.0

[1] Ready-to-cook basis. [2] Preliminary. [3] Includes grillers.

DUTCH POULTRY MEAT EXPORTS [1]

Destination	1967	1968	1969	Jan.-Nov. 1969	Jan.-Nov. 1970
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
West Germany	262.5	316.3	339.7	304.9	337.3
Other EC	5.7	5.4	9.2	7.3	5.1
EC total	268.2	321.7	348.9	312.2	342.4
Austria	3.3	4.3	4.7	3.3	4.4
Greece	2.1	.8	.9	.9	.2
Guadeloupe	([2])	1.2	1.4	([2])	([2])
Martinique	([2])	1.0	1.7	([2])	([2])
Hong Kong	.3	1.4	1.4	[3] 1.0	[3] 1.1
Singapore	.3	.6	1.0	[3] .8	[3] .9
Switzerland	7.2	8.3	8.3	7.7	6.2
Russia	([2])	([2])	([2])	([2])	19.0
Other countries	4.7	5.6	7.9	12.1	19.1
Grand total	286.1	344.9	376.2	338.0	391.3

[1] Includes chickens (broilers and fowl), ducks, geese, guinea hens, turkeys, and other poultry in parts and pieces. [2] If any, included in "other countries". [3] January through June.

Israel's Development of New Peanut Strains Helps Expand Exports to European Markets

By RAFAEL ROSENZWEIG
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Israeli farmers, scientists, and exporters are working together to increase the country's foreign exchange by boosting peanut exports. Already at least one fast-growing peanut strain has been developed and is in production. Work is being continued on two other strains—one for oil, the other for eating.

While at first peanuts were regarded as a crop to make Israel less dependent on oilseed imports for crushing, it soon became evident that peanuts produced in the sandy loam of Israel's citrus belt—quite often as a cover crop in young citrus plantations—could be sold in Europe as edible peanuts at good prices.

Israel discovered its potential for peanut production in the early 1950's. Production in 1949 was a scant 300 metric tons from 197 acres but increased to 19,200 tons (13,200 acres) in 1955. The ensuing years showed a pattern of rising and falling production but the last three crops (1968-70) have shown consecutive increases and the 1971 harvest is estimated to be about 21,000 metric tons from 14,800 acres.

The initial peanut varieties grown in Israel, which included mainly Virginia types originating in the United States and the Congo peanut from Africa, required about 140 days from sprouting to harvest. Thus, a considerable portion of the peanut crop had to be harvested in October—a month prone to sudden rainfall. Peanuts caught in the fields by these early rains became unfit for export.

Exports during the mid-1960s fluctuated between 3,200 and 6,000 metric tons—according to the available quantities of high-grade nuts required by foreign markets. But exports since then have generally trended upward and an estimated 12,000 metric tons are to be exported in 1971.

Because the key problem that kept Israeli farmers out of important export markets for peanuts was the long-maturing period of the Virginia peanut, the Ministry of Agriculture's Volcani Institute of Agricultural Research at Beit Dagan gave top priority to a breeding program for a new variety better adapted to Israel's needs. Within a relatively short time, Dr. A. Goldin, a staff scientist at the Volcani Institute, succeeded in developing a new Virginia-type strain of peanut, which was named "Shulamit."

Shulamit peanuts mature about 20 days faster than other Virginia peanuts, and field trials in 1967 and 1968 showed that the danger of being caught by early rains was minimal.

A number of beneficial side effects also appeared—the shorter period of growth meant a 10-15 percent saving of irrigation water and a corresponding saving of labor; there was also less money spent on pest control, and, perhaps most important, a 25-percent increase in export-grade peanuts in the total crop. It is no wonder, therefore, that in 1970 more than 70 percent of the total area of 12,850 acres was planted with Shulamit peanuts—more than the total area in 1968.

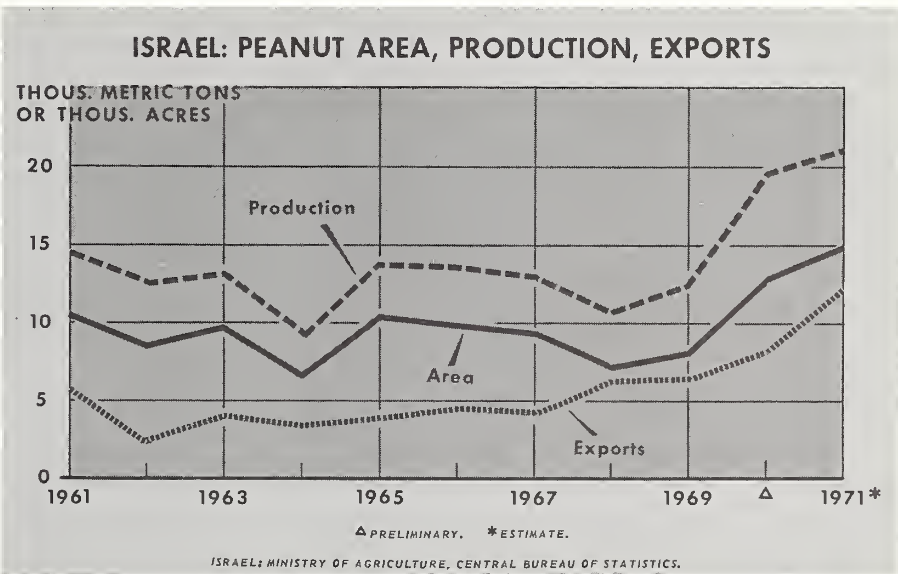
This new peanut has encouraged producers and their ranks continue to swell despite initial problems of expertise. Planners in the Ministry of Agriculture believe that peanut production will continue to expand well into the 35,000 metric-ton range from 25,000 acres as early as 1975.

Israel's markets abroad seem to be able to absorb everything shipped to them at satisfactory prices. Peanut exports by 1975 are expected to reach about 25,000 metric tons. At present prices, this would mean about $10 million, f.o.b. Israel, in foreign exchange earnings. For comparison, this would be more than the country's entire export value of fresh vegetables in 1970.

Israel's main customers for peanuts are France and Switzerland which in 1968 and 1969 bought more than one-half of Israel's exports. West Germany and Austria are the two countries next in importance.

New developments in peanuts are expected from the Volcani Institute. Another peanut strain, provisionally numbered 211/24-7, is being bred. It will have a heavy nut (about 2 lb. per 1,000) and an exceptionally high oil content (around 55 percent). Field trials have shown that about 1,700 to 1,790 pounds of oil could be produced per acre.

With present prices for oils and fibers, even such an improved peanut for oil could not compete in Israel with cotton for land, labor, or water, but it might have considerable potentialities for other peanut-producing countries.



By DIANE B. ELLISON
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Economic Research Service

European Community M[...]
Trade Ties With Lati[...]

Recent negotiations between the European Community and Argentina, as well as several other developments of the past year, may pave the way for closer trade ties between Latin America and the EC.

The talks with Argentina—the first such negotiations conducted at the Community level with a Latin American country—are aimed at setting up a nonpreferential trade agreement which would aid those sectors most significant in Argentina's export trade. Argentina first requested negotiations with the EC in February 1969, and exploratory sessions were held in November 1969 and February 1970. On January 20 and 21 of this year the first phase of the substantive talks were held in Brussels, and they are scheduled to continue some time this spring.

Argentina is currently an important supplier of corn, animal feed, wheat, meat, and vegetable oils to the EC; and almost 10 percent of the revenue from the Community's agricultural levies come from Argentine products. These particular talks will concentrate on providing more favorable access for Argentina's frozen meat.

The Community has offered improvements in the mechanism of assessing levies on beef and veal as well as guarantees concerning tariff quotas for frozen beef and veal. In return, Argentina need only establish regular shipments and provide full information concerning exports in order to prevent disruptions of the Community meat market. The current supply difficulties within Argentina are expected to ease before the final negotiations take place.

The EC recently announced that exploratory talks with Uruguay, too, will begin in the near future. Uruguay also is interested in improved access for its meat exports to the EC; and if the Argentine negotiations are productive, Uruguay is expected to make similar arrangements.

While Latin America maintains a very favorable balance of agricultural trade with the EC, it does not feel that this trade has increased as it should. On July 29, 1970, members of the Special Economic Coordinating Commission for Latin America issued the "Declaration of Buenos Aires," expressing their desire to strengthen trade ties with the Community.[1] The intent of the Declaration is to extend beyond trade matters, however, and also to include development support and technical assistance. Currently, such aid is handled strictly through bilateral arrangements.

Drying coffee beans in Brazil.

However, since present preferential arrangements favor the EC's African Associated States, some observers are skeptical about the likelihood of success of the current efforts.

Total imports of agricultural commodities by the EC jumped from nearly $9 billion in 1961 to just over $15 billion in 1969, an increase of almost 73 percent. There was a 16 percent increase from 1968 to 1969 alone, due in part to the United Kingdom's ban on meat imports which caused Argentina and Uruguay to seek outlets among European countries.

The share of agricultural products supplied by Latin American countries remained almost constant during the same period, moving only from 13 to 14 percent of the total. However, the absolute value of agricultural commodities imported from that area increased almost 80 percent, moving from nearly $1.15 billion to $2.06 billion. Some of the commodities which are most important in this trade are coffee, cocoa, meat, grain, and bananas.

Surprisingly, the share of EC agricultural imports provided by the African states, including the 18 African Associated States, declined from 16 to 13 percent from 1961 to 1969. The absolute value increased from $1.4 billion to almost $2 billion during the same period, so that in 1969 the value of agricultural imports provided by the Latin American and African countries was almost identical.

Total agricultural exports from the EC increased from $3.8 billion in 1961 to nearly $8.37 billion in 1969. The share of exports to Latin America dropped from nearly 3 percent of the total in 1961 to only 2 percent in 1969; the absolute value of the exports only

[1] Argentina, Barbados, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, Trinidad and Tobago, Uruguay, and Venezuela are members of the Commission.

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Loading Colombian coffee for export.

increased from $106 million to $154 million.

Several types of trade concessions to aid Latin America have already gone into effect. One, a direct result of the Buenos Aires Declaration, has been an acceleration of the Kennedy Round reductions for those items which affect Latin America. The final cut had been due January 1, 1972, but was then advanced by 1 year.

However, the tangible effects of this are expected to be rather limited for several reasons. First, only one annual installment was affected; second, the 13 items included account for a relatively small portion of the agricultural trade of the exporting countries; and third, the total value involved is also comparatively small. The products concerned are horsemeat and horsemeat offals; salted and dried horsemeat; game meat; frozen and fresh squid; dried strawberries; dried peaches; pea, bean, and lentil flour; raw glycerine; vegetable waxes; canned game and rabbit; meat extracts and juices; hard-peel fruits (including peanuts); and pressed or damped tobacco used in the manufacturing of snuff.

Another type of concession also went into effect at the beginning of this year. The Community reduced the import duty on coffee from 9.6 to 7 percent, on cocoa from 5.4 to 4 percent, and on palm oil from 9 to 6 percent on a most-favored-nation basis. These reductions took place despite protests from the 18 African Associated States which felt that this threatened their special preference position. Presently, coffee, cocoa, and palm oil from these African states enter the EC free of duty.

Imports of the three items from Latin American countries amounted to $514 million in 1969; imports of the same items from the African countries amounted to $570 million in that year. The main Latin American countries involved are Brazil, which supplies the EC with coffee and cocoa, and Colombia, which provides coffee.

Further encouragement for Latin American overseas trade has come with the EC's submission of a "General Preference Scheme for Developing Countries." (The main industrialized countries of the Organization for Economic Cooperation and Development all have offered such schemes which would benefit all less developed areas, including Latin America.) First submitted in November 1969 and revised in September 1970, the EC plan particularly emphasizes manufactured and semimanufactured items. These commodities would automatically be included in tariff reductions with certain specified exceptions or limitations such as cotton textiles.

The EC scheme has also offered to grant preferences on an itemized list of processed agricultural products. In contrast with the U.S. preference offer, these would in general be customs reductions rather than exemptions. Over 100 agricultural products are involved; for the most part, however, they are items of lesser importance.

The effects on Latin American trade if the United Kingdom should become part of the EC are naturally speculative. While such a move probably would not have serious consequences for Latin America, there are some aspects which could reduce its trade with the United Kingdom. First, in keeping with the EC's recent trend of increasing internal trade, much of Britain's food needs would be met by the Community. Second, the common external tariff which protects the EC would extend to the United Kingdom as well as to Norway, Ireland, and Denmark if they are admitted. However, coffee and processed and specialty meats from Latin America may help offset the loss of markets for other commodities.

EC IMPORTS OF AGRICULTURAL COMMODITIES, 1961 AND 1969

Area of origin	1961	1969	Increase
	Bil. dol.	*Bil. dol.*	*Percent*
United States	1.23	1.50	21
Latin America	1.15	2.06	80
Africa	1.45	1.96	36
EC	1.70	5.36	214
EFTA	.51	.73	43
Asia	.77	1.09	42
Other	1.97	2.46	14
Total	8.78	15.16	73

EC EXPORTS OF AGRICULTURAL COMMODITIES, 1961 AND 1969

Area of destination	1961	1969	Increase
	Bil. dol.	*Bil. dol.*	*Percent*
United States	.23	.36	57
Latin America	.11	.15	36
Africa	.46	.41	−11
EC	1.75	5.39	208
EFTA	.82	1.18	44
Asia	.19	.34	79
Other	.24	.54	125
Total	3.80	8.37	120

Nigerian Farmers Face New Challenges

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In 1960, the year Nigeria became independent, agriculture accounted for 84 percent of the total value of the country's exports. It also produced enough food to make the new nation basically self-sufficient. By 1966, the value of agricultural exports had increased another 4 percent, but because of an expanding economy it accounted for only 56 percent of total recorded value.

In 1966, however, political troubles began which culminated in the Nigerian civil war, lasting from mid-1967 until January 1970. During this period development of Nigeria's petroleum sector—largely in the southeastern part of the country most affected by the war—was stalled. Exports of crude oil fell in 1968 to less than half what they were in 1966—this in a period in which oil exports would normally have increased. As a result, Nigerian agriculture again assumed a fuller burden.

In 1968, Nigerian agricultural exports totaled $405.3 million and accounted for a 70-percent share of the total value of Nigeria's exports, despite the drop in exports of important palm oil products to a little more than a third of their 1966 value. Agricultural exports helped to finance the military effort and enabled the Nigerian Government to avoid going into debt to meet the military costs of the war.

Equally important was the contribution of the producers of basic foodstuffs—the "unsung" sector of Nigeria's agricultural economy. These producers were able to provide nearly all of the country's food needs during the war and thereby conserve foreign exchange to meet military needs. Largely because the Government was able to impose import restrictions, imports of food items in 1968 had dropped to only a little more than half of what they were in 1966.

Despite this drop in food imports, Nigeria's total agricultural imports from the United States rose steadily in value during the war years—from $12.9 million in 1967 to $23.8 million in 1969. Total imports, however, sagged from $625.9 million in 1967 to $540.9 million the following year, recovering to $696.3 million in 1969.

In 1969, with Nigeria's oil fields now outside the principal fighting areas, the petroleum industry began to grow once again. In the postwar period it will account for an increased percentage of Nigeria's total export earnings and the burden on agricultural exports will be reduced accordingly.

Unfortunately, Nigerian agriculture will be unable to rest on past laurels. A rapidly expanding oil industry (already Nigeria is the world's tenth largest producer), generally booming economy, and a population growth rate of almost 3 percent per year will mean that incomes and demand for food will rise accordingly.

At the same time many from rural areas will make their way to the city to find new jobs, or in the hope of finding new jobs. Those who remain in the rural areas will be challenged to produce enough food to satisfy the needs of those who no longer produce their own and of those who want more and better food and are able to pay for it.

Whether this challenge will be met depends on many interrelating factors. One of the most basic of these will be the price the producer receives. Presently he only grows about what he needs for self and family and markets the surplus. Like farmers everywhere, however, he will increase production only if there is some incentive to do so. Higher prices are one incentive.

Given a free market, increasing demand will provide the higher prices. The problem will then be whether or not basic food production can be expanded fast enough to keep up with increasing demand. Unfortunately, research into more efficient methods of raising cassava, yams, cocoyams, guinea corn, millet, and other domestic crops is not as readily available as for export crops.

There are several marketing problems that will have to be worked out before Nigerian agriculture can efficiently serve an expanding economy. Transportation will be a problem for some time to come. Roads will have to be improved and new feeder roads constructed, spare truck and auto parts made more readily available, and the railway system made more efficient. Adequate storage is another problem.

The course Nigerian policymakers will follow if domestic agricultural production does not keep up with demand remains to be seen. Price control is now in effect on some items and additions

to the list are being considered. Import restrictions have been lifted on some commodities since the end of the war and further liberalization is likely.

It does not seem likely, however, that Nigeria will go all the way back to the open trade policy it followed before the war because there will be demands to protect local producers and manufacturers.

Nigeria's major agricultural exports are fresh fruits, coffee, cocoa, oilseeds, and palm kernels. In 1969, cocoa exports accounted for $170.7 million and oilseeds $138.7 million of the $426.2 million agricultural export total. Biggest markets are the United Kingdom and the United States. Total agricultural exports to the United States in 1969 amounted to $26.6 million, principally cocoa and rubber.

Nigerian export agriculture faces its own set of challenges but it is better equipped to meet them because export agriculture has received more attention over the years than has domestic agriculture. On the other hand, whereas the market for basic food crops is internal and can be denied to outside suppliers, the market in which export produce must be sold is global and Nigerian products must compete with those of other nations.

Looming large in Nigeria's agricultural picture are the marketing boards which buy export crops from producers through systems of licensed buying agents. These marketing boards were set up to assure the farmer a reasonable price each year and to protect him from the ups and downs of world commodity markets. They have generally done this successfully.

However, marketing board surpluses have also become major sources of revenue for Governmental financing of capital projects. The money spent sometimes goes for projects of direct benefit to producers but it is sometimes spent on projects that are only remotely beneficial. If Nigeria is to increase production of its export crops, there will probably have to be a basic change to give more price incentive to producers. Better prices could also be the means to promote more efficient production. At the same time, increasing oil revenues could be used to finance the projects previously dependent on agricultural export commodities.

The present situation in cocoa is an example of what can be done with price incentives. In early 1969, the Western State (which produces 95 percent of Nigeria's cocoa crop) announced a 50-percent increase in producer prices. Hence, in 1969-70, cocoa farmers got the equivalent of $420 per long ton whereas a year earlier they received $280. The beneficial effects of this move are already observable. Because of this increased incentive, farmers are doing a much better job of taking care of their trees than they did at the lower price level.

Despite lower production of cotton this season resulting from adverse weather, the longer term outlook is for production to continue to increase to meet the needs of an expanding Nigerian textile industry. Surpluses will be exported although Nigerian cotton sometimes finds it difficult to compete profitably on world markets.

Official figures show that Government peanut purchases have been below expectations for the past 2 years. Some observers believe this is due to losses resulting from smuggling operations while others feel that producers have lost interest because of what they feel is an unattractive price. The producer price was raised for the 1970-71 season and there may have been some increase in acreage, but the crop was again down sharply because of unfavorable weather. More and more of the peanut crop is being crushed domestically and exported as oil, oilcake, and meal.

Oil palm products, the leading export category a few years ago, will probably not return to that position. Major and comparatively efficient competitors have moved into world markets, and the number of Nigerian consumers has increased. As a result, most palm oil will probably be consumed domestically. However, palm kernels—and increasingly—palm kernel oil, will be exported in quantity.

For some years Nigeria's livestock potential—particularly in the north—has been widely recognized as well as the reasons why there has been little progress in organizing this industry. Recent shortages of meat and resulting price increases plus reports of a declining cattle population in the north have focused new attention on this problem and have brought increased efforts by Nigerian authorities to find a solution.

Nigeria's New 5-Year Plan

In November, the Nigerian Government announced a 5-year plan to rebuild war-torn parts of Nigeria, improve the country's agricultural base, and to promote "meaningful Nigerianization" of certain industries. Called "The Second National Development Plan, 1970-74," the document contains general guidelines leaving specific projects to be worked out later.

Some of the projects planned to modernize and expand the agricultural sector are:

- **Peanuts**—To work toward better producer prices; more efficient evacuation to ports; increased use of fertilizer.
- **Cocoa**—To provide better producer prices; subsidies on insecticides and fertilizers.
- **Oil Palm**—To develop improved, higher yielding varieties; better producer prices, and improvement of processsing methods.
- **Agro-allied industries**—To be encouraged, especially textile and bag manufacture.
- **Food crops**—To insure that supplies keep pace with population growth and urbanization; to increase protein and calorie intake of population.
- **Federal Ministry of Agriculture**—To be strengthened.
- **Livestock**—To eradicate tsetse fly, to control diseases; settle nomadic herdsmen; generally lower cost of meat products to make this protein form available to more people.
- **Agricultural exports**—To increase foreign exchange earnings to finance a significant part of this plan.

Canada's Poultry Meat, Egg Output Up

Chicken meat production in Canada is estimated at a record 745 million pounds for calendar 1970, compared with 685 million pounds the previous year. As production mounted, prices were adjusted downward in an attempt to push retail sales, but storage stocks had still increased 54 percent to 36.7 million pounds at year's end.

At the present time marketing boards in most Provinces are striving to raise prices, while, on the other hand, the highly integrated industry in Quebec is struggling with production significantly in excess of its own market requirements for chicken meat.

Despite expectation of higher production costs and more competition from other meats, most Provinces continue to expand poultry production to supply their own markets. This will likely lead to a continuation of the present surplus situation in Quebec with little possibility of any significant improvement in producer prices in the near future.

Canada's 1970 turkey meat production is estimated at 210 million pounds, 4 percent higher than the 1969 total of 202 million pounds. Although it is too early to predict a definite trend for 1971, another production increase appears likely. However, Canadian officials have recommended to producers that any expansion should be undertaken with caution.

Production of shell eggs in 1970 is estimated at 490 million dozen, a substantial increase from the 1969 total of 471 million dozen. Due to increased chick placements, registered egg production as of February 20 was running 10 percent higher than the comparable 1970 figure.

EC Council Adopts Stand on Agricultural Transition Arrangements

March 1 the European Community Council adopted a common position on transitional arrangements for agriculture for the United Kingdom and other applicants. Agricultural prices in the new member states would move toward Community price levels in five annual steps: one-fifth at the beginning of the first marketing year, then one-fourth of the remaining difference, then one-third, one-half, and the remainder in the fifth year.

In response to the British request for flexibility in the transition period, the EC agreed that moves toward Community price levels can vary from the established timetable within certain limits, except in the final year. The Council agreed that the principle of Community preference for agricultural goods should be established from the beginning of the transition period.

Some progress was also made on the question of Commonwealth sugar. The six generally concurred that the Commonwealth Sugar Agreement should remain in force until the end of 1974. France, however, maintains that the United Kingdom's imports of sugar from the Commonwealth should be gradually reduced during the transition period, with guarantees spelled out on the reduction limits.

French Feedgrain Taxes

On February 22, France increased its feedgrain intervention prices and at the same time reduced its feedgrain export taxes.

The export tax on corn was reduced from $5.63 to $3.17; barley from $6.37 to $3.75; rye from $6.05 to 0; sorghum, $6.17 to $3.61; and feed wheat, $6.37 to $3.75.

The reduced export taxes may help to make French feedgrains a more competitive item in other European Community markets as well as in a number of third countries.

Italy Cuts Tallow Fee

On February 1, 1971, the Italian Government reduced import inspection fees on a number of animals and animal products, including inedible tallow.

The charge on inedible tallow was slashed from 36 cents per 100 pounds to 3.6 cents per 100 pounds. The previous price had been in effect since 1968 and was the subject of protests from the U.S. Government which considered the fee excessive, especially in light of the duty-free status awarded to tallow by the European Community during the Kennedy Round.

In 1970 U.S. exports of inedible tallow to Italy amounted to 86.8 million pounds valued at $7,145,000.

Polypropylene Sacks Get New Emphasis As Burlap Substitute

The packaging of some farm commodities is taking on a new look as more and more shippers of whole and processed grains turn from burlap to improved woven polypropylene for their export containers. This new use of polypropylene grew out of a test shipment of P.L. 480-Title I rice to Indonesia in February 1970. Previously the material had been used in industry for carpet backing and for other commercial sacking purposes.

After the test shipment, improvements were made in the basic fabric construction and it is now used for both commercial and Government shipments. Polypropylene is now permitted for Title I exports of whole grains such as wheat, corn, grain sorghums, and rice. The new sacks are also being considered for shipments of processed grains—rolled oats, rolled wheat, and bulgur—under Title II of the same law. Other kinds of polypropylene bags are being used for military purposes and for fertilizer shipments by the Agency for International Development.

There are several advantages to using woven polypropylene for sacking compared with burlap. The new bags are cheaper, lighter, and stronger than burlap. They do not rot or suffer from mildew and protect better than burlap against rodent contamination. Because polypropylene weighs less than burlap, the total cost of an export shipment is reduced. Also, because polypropylene is a U.S. product, its use has a favorable effect on the U.S. balance of payments.

Two U.S. Department of Agriculture officials cooperated in the original P.L. 480 test shipment of rice to Indonesia. Dan L. Tierney, Export Marketing Service, coordinated the effort which led to approval being given to polypropylene as an alternative package for export shipments of rice and certain other bagged commodities under P.L. 480. Ernest L. Mangum, Jr., Agricultural Stabilization and Conservation Service, supervised the original test and evaluated its results. He later wrote specifications which resulted in an improved bagging material. Both men have been awarded the Secretary of Agriculture's special merit award for management improvement.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Mar. 24	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.00	+1	2.01
USSR SKS-14	1.99	0	(1)
Australian FAQ	1.89	0	1.75
U.S. No. 2 Dark Northern Spring:			
14 percent	1.99	0	1.83
15 percent	2.04	0	1.95
U.S. No. 2 Hard Winter:			
13.5 percent	1.98	0	1.78
USSR-441 Yellow Winter	1.93	−3	(1)
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.86	0	1.67
Feedgrains:			
U.S. No. 3 Yellow corn	1.75	0	1.55
Argentine Plate corn	1.76	0	1.52
U.S. No. 2 sorghum	1.50	−1	1.51
Argentine-Granifero sorghum	1.50	0	1.33
U.S. No. 3 Feed barley	1.42	−2	1.10
Soybeans:			
U.S. No. 2 Yellow	3.34	−4	3.04
EC import levies:			
Wheat	1.47	+1	1.69
Corn [2]	.82	+3	1.02
Sorghum [2]	.92	+1	1.08

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. under those of other EC countries.
Note: Basis—30- to 60-day delivery.

Dairy and Poultry

Denmark's Dairy Output Down

The Danish dairy industry, again in 1970, was characterized by declining production, rising prices, and considerable structural adjustments. In spite of higher prices to producers this past year, milk production was down 5 percent to 4.6 million metric tons from last year. This resulted in a decline in output of butter, whereas cheese production was up.

Butter production decreased 9 percent to 131,600 tons, and 1970 exports of about 87,000 tons were 13 percent less than those in 1969. Cheese production increased by 2 percent to 110,800 tons. Exports of cheese were up 10 percent to nearly 68,000 tons, the first increase in 6 years. Cheese exports to West Germany, the major market, leveled off to around 20,000 tons. The largest increase in sales was to the United States, which became Denmark's second largest market, with purchases of about 17,500 tons compared with about 12,000 tons in 1969. Average per capita cheese consumption in Denmark is about 20 pounds.

A further decline in milk production may be expected during 1971 due to continued reduction in cow numbers, mainly because of labor problems. The relatively strong export and home market for cheese is expected to continue in 1971. The dairy industry entered 1971 with low stocks.

Livestock and Meat Products

U.S. Livestock Exports Up, Imports Down

The value of livestock, meat, and meat product exports in January, at $54 million, was up 34 percent from the level of

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS [1]

Commodity	January 1970	January 1971
	1,000 pounds	*1,000 pounds*
Animal fats:		
Lard	24,521	8,857
Tallow and greases:		
Inedible	149,498	189,483
Edible	647	2,863
Meats:		
Beef and veal	2,584	2,777
Pork	3,764	4,101
Goat, lamb, and mutton	85	133
Sausages, bologna, and frankfurters	390	291
Meat specialties	333	204
Other canned	844	455
Total red meats [2]	8,000	7,960
Variety meats	13,686	20,898
Sausage casing (animal origin)	914	1,306
Animal hair, including mohair	634	543
Hides and skins:		
Cattle parts	721	1,398
	1,000 pieces	*1,000 pieces*
Cattle	1,154	1,207
Calf	51	108
Kip	25	28
Sheep and lamb	208	323
Horse	4	26
Goat and kid	22	63
Livestock:	*Number*	*Number*
Cattle and calves	3,843	35,194
Sheep, lambs, and goats	2,096	5,828
Hogs	1,329	2,664
Horses, asses, mules and burros	1,257	1,248

[1] Preliminary. [2] May not add due to rounding. Bureau of the Census.

January 1970. Most of the increase came from the continued high level of live cattle shipments to Canada and greater tallow and grease exports. Due to reduced entries of beef and veal for consumption, the value of livestock, meat, and meat product imports was down 16 percent in January.

Live cattle exports, at over 35,000 head, were up substantially from the more than 3,800 head exported in January 1970. Of the 35,000 head exported, 32,000 head went to Canada and 1,500 head went to Chile. All of the cattle exported to Chile were for breeding purposes, while most of the cattle exported to Canada were for slaughter.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS [1]

Commodity	January 1970	January 1971	Change from 1970
Red meats:	*1,000 pounds*	*1,000 pounds*	*Percent*
Beef and veal:			
Fresh, chilled, or frozen:			
Bone-in-beef	2,662	1,321	−50.4
Boneless beef	112,268	79,212	−29.4
Cuts (prepared)	594	4,202	+607.4
Veal	2,537	1,943	−23.4
Canned beef:			
Corned	11,213	4,810	−57.1
Other, including sausage	3,160	1,733	−45.2
Prepared or preserved	5,336	2,033	−61.9
Total beef and veal [2]	137,770	95,253	−30.9
Pork:			
Fresh, chilled, and frozen	4,519	5,287	+17.0
Canned:			
Hams and shoulders	11,355	19,580	+72.4
Other	2,970	1,566	−47.3
Cured:			
Hams and shoulders	129	87	−32.6
Other	337	471	+39.8
Sausage	291	224	−23.0
Total pork [2]	19,601	27,215	+38.8
Mutton and goat	6,983	952	−86.4
Lamb	2,931	7,564	+158.1
Other sausage	867	622	−28.3
Other meats	2,062	1,591	−22.8
Total red meats [2]	170,216	133,197	−21.7
Variety meats	686	780	+13.7
Edible and inedible tallow and greases	334	862	+158.1
Meat extract	73	85	+16.4
Wool (clean basis):			
Dutiable	7,096	6,056	−14.7
Duty-free	5,766	5,924	+2.7
Total wool [2]	12,864	11,981	−6.9
Animal hair (clean basis)	178	125	−29.8
Hides and skins:			
Cattle parts	([3])	246	—
Sheep skins, pickled and split	842	248	−70.5
	1,000 pieces	*1,000 pieces*	
Cattle	18	27	+50.0
Calf and kip	89	47	−47.2
Buffalo	23	4	−82.6
Sheep and lamb	654	832	+27.2
Goat and kid	799	79	−90.1
Horse	15	17	+13.3
Pig	188	31	−83.5
Livestock:	*Number*	*Number*	
Cattle [3]	102,432	66,272	−35.3
Sheep	6	—	—
Hogs	1,486	2,697	+81.5
Horses, asses, mules and burros	127	173	+36.2

[1] Preliminary. [2] May not add due to rounding. [3] Less than 500 lb. Includes cattle for breeding. Bureau of the Census.

Tallow and grease exports, both edible and inedible, were above their year-earlier level in January. Inedible tallow and grease exports totaled 190 million pounds compared with 150 million pounds a year ago. Edible tallow and grease exports, at 3 million pounds, were almost five times their year-earlier level. The increase in inedible tallow and grease exports is attributed to greater shipments to India, the Republic of Korea, and the Netherlands. Almost 75 percent of the edible tallow and grease exported in January went to the Republic of Korea. No edible tallow was exported to Korea in calendar 1970.

Exports of variety meats in January totaled 21 million pounds compared with 14 million a year ago. Greater shipments to the EC, mainly to France, accounted for the increase.

With the exception of prepared beef cuts (TSUS #107.6020), every category of beef and veal imports in January was below its year-earlier level. Boneless beef imports, at 79 million pounds, were down nearly 30 percent from the 112 million pounds imported in January 1970, owing to reduced arrivals from Australia.

Entries under TSUS #107.6020, prepared beef cuts, totaled over 4 million pounds compared with 0.6 million last year. Of the 4 million pounds imported, Honduras supplied almost 50 percent and Guatemala 25 percent.

Lamb imports, at 7.6 million pounds, were nearly triple their year-earlier level. Arrivals from Australia, at 6.3 million pounds, and entries from New Zealand, at 1.3 million were sharply above the 1970 level.

Live cattle imports in January, at over 66,000 head, were well below the more than 102,000 head imported in January 1970, owing to fewer feeder cattle imports from Mexico.

U.S. Meat Imports Down in January

Imports subject to the Meat Import Law during January 1971 totaled 83.4 million pounds, down 33 percent from the January 1970 figure of 124.5 million. Smaller declared entries for consumption, particularly from Australia, accounted for most of the decline.

Imports from the largest supplier—Australia—totaled 30.6 million. New Zealand followed with 15.2 million pounds, Mexico with 8.4 million, Costa Rica with 7.4 million, Canada 6.3 million, Ireland 5.8 million, and Nicaragua 4.4 million.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
[PL 88-482]

Imports	January
	Million pounds
1971:	
Subject to Meat Import Law [1]	83.4
Total beef and veal [2]	95.3
Total red meat [3]	133.2
1970:	
Subject to Meat Import Law [1]	124.5
Total beef and veal [2]	137.8
Total red meat [3]	170.2
1969:	
Subject to Meat Import Law [1]	41.9
Total beef and veal [2]	51.9
Total red meat [3]	63.7

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meat, including rejections. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW[1]

Country of origin	January 1970	January 1971	Change from 1970
	1,000 pounds	*1,000 pounds*	*Percent*
Australia	70,823	30,644	−56.7
New Zealand	9,038	15,155	+67.7
Mexico	14,526	8,429	−42.0
Costa Rica	4,465	7,439	+66.6
Canada	6,144	6,286	+2.3
Ireland	6,614	5,821	−12.0
Nicaragua	3,544	4,369	+23.3
Honduras	4,476	2,913	−34.9
Guatemala	3,344	1,601	−52.1
Dominican Republic	672	345	−48.7
Panama	695	234	−66.3
United Kingdom	—	119	—
Haiti	110	73	−33.6
Total	124,451	83,428	−33.0

[1] Fresh, frozen, and chilled beef, veal, mutton, and goat meat, including rejections. Excludes canned meat and other prepared or preserved meat products.

Sugar and Tropical Products

West Germany's Honey Market Still Good

The latest report from West Germany indicates that the honey market there has continued about the same as last reported (see *Foreign Agriculture*, March 22). However, Argentine Buenos Aires quality was reported down to DM 1,700 ($468.32) per metric ton, C&F Hamburg/Bremen/Rotterdam. But Guatemala light amber was reported up to $36 per 100 kilograms, f.o.b. Guatemala port; El Salvador light amber was up to $34; and extra light amber was up to $35, f.o.b. Salvadoran port. Australian light amber was reported at 160 ($384) and extra-light amber at 170 ($408) per long ton, prompt shipment, c.i.f. Hamburg.

Offers have continued scarce and Spain is reported sold out. The new crop will be available in April or May.

Cuba Ships Sugar to Chile

By March 1 this year, 31,500 metric tons of Cuban sugar had been delivered to Chile. It has been announced that Chile will purchase a total of about 120,000 tons of sugar from Cuba in 1971. This is a part of the commercial agreement signed on February 12 under which Chile will supply beans, garlic, onions, fishmeal, and cellulose to Cuba. In recent years Chile has been importing between 100,000 and 200,000 tons of sugar annually, with a large part of it coming from Brazil.

Fats, Oils, and Oilseeds

Argentine Oilseed Meal Exports Increase

In 1970, Argentina, world's third largest exporter of oilseed cakes and meals, increased exports by 18 percent, or 123,000 tons, from the small 1969 volume.

Argentine cake and meal exports, as previously forecast, amounted to nearly 800,000 tons, representing about 7 percent of U.S. export competition from foreign meal in world markets.

More than one-half of the 1970 increase in meal exports from Argentina was sunflowerseed meal. This 22-percent increase from the 1969 level was, however, less than the 30-percent expansion in the 1970 Argentine sunflowerseed harvest.

Exports of linseed and cottonseed cakes and meals also posted significant gains in 1970.

Although Argentine oilseed meal production since 1960 does not appear to have exhibited a significant upward trend, there have been important year-to-year fluctuations, which are a function of both growing conditions and acreage shifts among crops.

Despite these factors and natural lags, it appears that relatively high world prices for oilseeds and oils—which have increased sharply since mid-1969—have already generated some expansion in Argentine production. Furthermore, Argentine oilseed output should continue to expand in 1971. Over 90 percent of any such increase is expected to be available for export in late 1971 and early 1972.

ARGENTINE PRODUCTION AND EXPORTS OF OILSEEDS AND MEALS

Year	Sunflower	Linseed	Peanut	Cottonseed	Total
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Seed production:					
1965	757	570	439	234	—
1966	782	577	411	177	—
1967	1,120	385	354	148	—
1968	940	510	283	228	—
1969	876	640	217	283	—
1970	1,140	760	234	243	—
1971[1]	1,210	—	420	—	—
Cake and meal exports:					
1965	276	555	132	88	1,051
1966	372	314	181	74	941
1967	399	345	117	73	934
1968	379	274	103	42	798
1969	294	260	48	71	673
1970	358	296	52	90	796

[1] Preliminary.

Crops and Markets Index

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

United States Department of Agriculture
POSTAGE & FEES PAID

EC Share of U.K. Farm Market

(Continued from page 3)

mon Market if the United Kingdom does, would protect their U.K. markets.

Another country with large and specialized sales to the United Kingdom is New Zealand. In 1970 about 80 percent of that country's shipments to Britain were meats and dairy products and a large proportion of New Zealand's total overseas agricultural sales. If Britain, Denmark, and Ireland all join the Common Market, New Zealand's market in the United Kingdom could be in jeopardy in the absence of special arrangements.

The United States, in contrast, probably has the broadest sales base of the top 10 U.K. suppliers. In 1970 important items supplied by the United States were grains (one-third of value of sales), tobacco (approximately one-fourth of sales value), fruits and vegetables, lard, oilseeds, fibers, meats, hides and skins, vegetable oils, essential oils, and miscellaneous food preparations.

However, U.S. exports are temperate climate commodities. They must compete not only with the products of other temperate climate countries for the U.K. market but with the output of British farmers. For the U.K. market for hard wheat, the United States must vie with Canada, Australia, and Argentina. The competition for U.S. feedgrains is even more severe—from grains from the three countries already mentioned, from feed wheat and corn from France, and from British feed wheat and barley.

Finally, in evaluating the rise of the importance of the Common Market as a trading partner of the United Kingdom, it should be noted that recorded U.K. imports from the Community are somewhat inflated because of transshipments of goods from the Rotterdam port complex to Britain. While it is not possible to determine exactly the quantity of transshipments, it is known that a significant amount consists of grain and oilseed shipments from the United States.

U.K. AGRICULTURAL IMPORTS BY VALUE BY MAJOR COUNTRIES OR REGION OF ORIGIN, 1970

Product category	Common Market	United States	New Zealand	Denmark	Australia	Ireland	Other	Total, major suppliers	Total, all sources
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*
Meat and meat preparations	59.7	21.1	224.0	301.8	68.6	122.7	117.8	915.7	1,051.7
Dairy products and eggs	41.6	.1	156.1	87.5	56.8	51.2	11.7	405.0	445.2
Cereals and cereal preparations	122.2	165.8	—	1.4	97.1	4.5	209.1	600.1	675.4
Fruits and vegetables	169.5	46.1	13.7	.5	67.0	14.1	137.8	448.7	911.8
Miscellaneous food preparations	20.1	33.3	.3	3.4	.1	2.4	7.8	67.4	75.4
Tobacco and tobacco products	13.3	136.0	—	.1	—	9.0	72.1	230.5	264.8
Hides and skins	15.6	13.3	11.3	5.5	4.4	6.9	23.5	80.5	168.4
Oilseeds, oil nuts, and oil kernels	12.6	25.7	—	.5	—	—	19.1	57.9	100.2
Textile fibers	9.9	20.2	51.8	—	63.1	5.9	41.0	191.9	409.6
Fixed vegetable oils and fats	16.0	10.1	—	.7	—	1.1	14.3	42.2	163.5
Essential oils	23.1	12.9	—	1.0	.1	3.1	1.4	41.6	55.7
Others	115.2	18.7	20.3	39.5	51.7	166.3	206.3	618.0	1,356.9
Total	618.8	503.3	477.5	441.9	408.9	387.2	861.9	3,699.5	5,678.6